



WHITEPAPER

AI POLICY FRAMEWORK FOR EMPLOYEES

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Intellectual property - Guidance Around Uploading Data

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As organizations embrace the power of GenAI evolution through increased usage of tools, it is essential to ensure that intellectual property (IP) and confidential information of the organization remain protected. This policy outlines best practices and guidelines for uploading information/documents/data to AI-powered platforms while safeguarding proprietary data. For the purposes of this document, the definition of uploading also includes "copying and pasting", "providing data", "submitting information", or "any other form through which a GenAI application has access to internal data"

Following guidelines shall be adhered to by employees to maintain security, compliance, and ethical AI usage, and does not result in the accidental disclosure, loss, or compromise of the organization's intellectual property (IP) and confidential information.

1. Information/Document/Data Classification

Before uploading any information/document/data to a GenAI platforms/tools employees must **classify information/documents:/data**

- **Public:** Safe for external sharing.
- **Internal:** Organization use only.
- **Confidential:** Sensitive IP, trade secrets, personal data.
- **Restricted:** Highly confidential; regulatory or legal implications.

2. Prohibit Content for Upload

Employees should **NOT** upload any document containing:

- Proprietary algorithms, source code, or technical designs.
- Unpublished research, patents, or innovations.
- Trade secrets, Business strategies, financial forecasts, or M&A information.
- Customer, partner, or supplier data.
- Employee personal data (PII/PHI).
- Unreleased product roadmap or related collateral or marketing content

3. Data Handling Practices

Where uploading is permitted, employees shall:

- **Redact sensitive portions** before submission.
- **Use secured enterprise accounts** (not personal accounts).
- **Log all uploads** for audit purposes.
- **Monitor AI-generated responses** to ensure they do not inadvertently reveal sensitive data.
- **Consider a "Purpose of Use" Check:** Before uploading, employees should consider *why* they need to use a GenAI tool for that specific task and data. Is it the most appropriate tool? Could the task be achieved without uploading data? This encourages critical thinking.
- **Encryption & Anonymization:** Encrypt sensitive data in transit and at rest. Use anonymization techniques for datasets used in AI testing.
- **Minimize Uploaded Data:** Require employees to upload only the smallest dataset or excerpt necessary for the task (e.g. specific paragraphs rather than whole documents).

4. Consent and Authorization

Uploading any document beyond 'Public' classification should require:

- **Manager approval** and
- **Security team's validation** (for sensitive data).

Foundational Principles

Grant users and systems only the minimum level of access required to perform their assigned tasks.

Security by Design: Integrate security considerations into the design and development of AI systems, applications, and workflows from the outset.

5. Approved Tools and Platforms

Employees shall only use **organization-approved GenAI platforms** that provide:

- **Data privacy guarantees** (e.g., no training on input data).
- **Enterprise-grade security certifications** (e.g., SOC 2, ISO 27001).

Information Security, Governance, and Legal teams shall:

- Maintain list of **approved GenAI tools**
- Ensure AI tool providers comply with **data security standards, non-disclosure agreements (NDAs), and IP protection laws**.
- Review the **terms of service for AI tools** to understand how data is processed and stored.

Platform/tool vendor shall:

- Maintain an **audit record of all interactions** with GenAI tools for accountability.
- Uploaded documents **must not be retained beyond** their necessary usage period.
- Periodic **data purging** must be implemented to mitigate exposure risks.

6. Monitoring and Compliance

- All GenAI tool usage shall be **subject to monitoring** to detect policy violations.
- Violations may result in **disciplinary action** as per the Information Security Policy.
- Deploy Data Loss Prevention (DLP) tools to monitor and block upload of sensitive data.

7. Guideline Review and revision

- The policies/guidelines for employees be reviewed regularly (preferable at least once in a quarter) to reflect changes in technology, regulations, legal standards, and business needs.

8. Training

- Mandatory **annual training** be provided to all employees on:
 - Risks of uploading sensitive information to GenAI.
 - Recognizing IP and confidential content.
 - Proper usage of approved AI tools.

9. Real-Time Communication Platform Controls

- Meeting Classification: Require pre-meeting assessment of content sensitivity before enabling AI transcription features
- Administrative Controls: Admins can manage transcription with Recording & transcription meeting policies in the Teams admin center.

- Automatic Feature Restrictions: For confidential calls containing unreleased earnings, M&A discussions, or product roadmaps, disable:
 - AI transcription and intelligent recap
 - Real-time captions that require cloud processing
 - Third-party meeting bots
- Meeting Templates: Meeting templates can apply policies based on the meeting's purpose, with some business processes requiring controls on recordings and transcripts regardless of meeting label

This is particularly important because organizations have valid concerns around the increased risk of unintended exposure of sensitive information through these automatic AI features that users might not even realize are processing their conversations.

Appendix / References

This section focuses on the incidents of sensitive data leaks or risks associated with generative AI tools between 2022 and 2025, as compiled in the sources.

Incidents of Sensitive Data Leaks via Generative AI (2022–2025)

1. Introduction

Since the introduction of widely-available generative AI tools, such as OpenAI's ChatGPT which launched in November 2022, numerous organizations across various industries have reported instances where employees either unintentionally or intentionally exposed confidential data by inputting it into AI chatbots. This document compiles notable incidents and

concerns regarding sensitive data leaks via generative AI from 2022 to 2025, detailing what information was implicated, when it occurred, and how the affected companies or regulatory bodies responded, based on credible sources.

2. Notable Incidents and Organizational/Regulatory Responses

The period following the widespread availability of generative AI tools saw several organizations confront the risk and reality of sensitive data exposure through employee use of these external services. The incidents and responses documented in the sources include:

Samsung Electronics (Tech)

- Date: March–April 2023.
- What was implicated: Proprietary source code for a semiconductor database and equipment, as well as an internal meeting transcript. Engineers reportedly pasted this data into ChatGPT seeking bug fixes and meeting summaries.
- Consequences/Response: After discovering at least three such leaks within a month, Samsung implemented an "emergency measure". This involved capping the prompt size allowed at 1024 bytes and banning the use of external AI tools by employees. The company issued a warning that sharing sensitive data with ChatGPT could result in termination. Samsung also began developing its own in-house AI assistant for internal use. These details were reported by sources including Gizmodo in April 2023 and Plurilock in May 2023.

Amazon.com, Inc. (Tech)

- Date: January 2023.
- What was implicated: Confidential Amazon code and data. Employees were utilizing ChatGPT as a "coding assistant," at times inputting internal code. Amazon's lawyers later observed ChatGPT outputs that "closely match[ed]" proprietary internal material, indicating such data had been uploaded.

- Consequences/Response: Amazon's attorneys issued an urgent, company-wide warning instructing staff not to share "any Amazon confidential information (including Amazon code)" with ChatGPT. The company also added pop-up warnings on work devices and restricted ChatGPT usage. Staff were reminded that their inputs might be used to train the AI model. Amazon also initiated the development of its own AI tools for internal purposes. This information was covered by Business Insider in January 2023 and Futurism.

JPMorgan Chase & Co. (Finance)

- Date: February 2023.
- What was implicated: While no specific leak incident was confirmed in the source regarding JPMorgan, the bank grew concerned amid ChatGPT's rising popularity that employees might input sensitive financial or client data.
- Consequences/Response: This concern prompted a preemptive restriction on ChatGPT usage. The bank's management banned the use of ChatGPT for all staff as a compliance precaution. JPMorgan classified generative AI as unapproved third-party software, emphasizing the need to protect confidential information. This action occurred within a broader context of industry-wide worries among major banks, including Goldman Sachs, Citigroup, and Bank of America, many of which imposed similar bans in early 2023. Axios reported on this in February 2023, and Semafor in May 2023.

Verizon Communications (Telecom)

- Date: February 2023.
- What was implicated: The source does not report a single specific incident, but internal reviews highlighted the risk of employees entering customer data or proprietary source code into ChatGPT. Verizon executives voiced concerns about "losing control" of such information if shared with an external AI.

- Consequences/Response: ChatGPT was blocked on Verizon's corporate networks and devices. The company stated that the chatbot "is not accessible from our corporate systems" specifically to prevent leaks of customer information or code. Leadership indicated that access would remain restricted until generative AI could be used safely, in order to protect stakeholders' data. This was reported by Business Insider in July 2023.

Apple Inc. (Tech)

- Date: May 2023.
- What was implicated: Similar to some other cases, the source notes this was a policy decision rather than a confirmed leak. Apple became concerned employees might inadvertently upload secret product information or source code into ChatGPT or services like GitHub Copilot, as these AI services could retain and learn from such data.
- Consequences/Response: Apple prohibited the use of ChatGPT and similar AI tools for employees. An internal memo cited the risk of "potential leak of confidential data" and directed staff not to use external generative AI for work tasks. Apple reportedly began developing its own AI models, allowing limited use of internal tools instead. This was documented by WSJ via Business Insider in May 2023.

South Metropolitan Health Service (Healthcare, Australia)

- Date: May 2023.
- What was implicated: Patient medical information, including names and health details. Doctors in a Perth hospital network were found to be inputting this private health data into ChatGPT to help draft medical notes and letters for insurance purposes. This action sent sensitive health data to an external AI, creating a confidentiality risk.
- Consequences/Response: The hospital group's CEO immediately ordered staff to stop using AI chatbots for any patient-related work. The internal alert warned there was "no assurance of patient confidentiality when using [ChatGPT]" and banned further use. This incident also prompted the Australian Medical Association to advocate for

national regulations aimed at protecting patient privacy in the use of AI. This case was reported by The Guardian and AIAAIC/ABC News in July and May 2023, respectively.

U.S. House of Representatives (Government)

- Date: June 2023.
- What was implicated: No single leak was reported. The concern stemmed from congressional IT officials evaluating ChatGPT and similar models for security risks, specifically that staff might input non-public legislative data or communications, which could potentially be stored or retrieved later.
- Consequences/Response: The House banned the use of the free version of ChatGPT and authorized only the ChatGPT Plus version, subject to strict rules. Staff were instructed to use the chatbot for limited research purposes only, to input "no sensitive data" (meaning nothing not already public), and to enable privacy settings to prevent chat histories from being saved. These safeguards were implemented to prevent any inadvertent leakage of confidential congressional information. Axios reported on this in June 2023.

OpenAI's ChatGPT (Italy Ban) (Regulatory Action)

- Date: March–April 2023.
- What was implicated: This case involved personal user data. Italy's data protection authority (Garante) found that ChatGPT had improperly collected and retained personal data from users and others (via training data) without a legal basis. Additionally, a prior ChatGPT bug had exposed some users' conversation titles and payment information to others, raising further privacy concerns.
- Consequences/Response: The Italian regulator issued a temporary ban on ChatGPT, making Italy the first Western country to do so. This action required OpenAI to address privacy issues, resulting in the service being offline in Italy for about one month. In response, OpenAI implemented new privacy disclosures and user controls, including the

option to disable chat history. The ban was lifted in April 2023 after these changes were made. This incident spurred broader EU scrutiny of generative AI and its data practices. This was reported by sources such as BBC News and the OpenAI Blog in March and April 2023.

Microsoft (Tech)

- Date: Discovered on June 22, 2023, and fixed within two days.
- What was implicated: 38 terabytes of internal data were accidentally exposed by Microsoft's AI research team through a GitHub repository. The exposed data included backups of two employee workstations, over 30,000 internal Microsoft Teams messages from 359 staff members, passwords, encryption keys, and various sensitive internal files. The incident occurred when Microsoft intended to share only an AI training dataset publicly but mistakenly opened access to an entire Azure Storage account containing sensitive corporate information. This involved improper configuration of "SAS tokens," an Azure mechanism for creating shareable links.
- Consequences/Response: The misconfiguration not only allowed unauthorized access but potentially enabled malicious actors to modify or delete existing files. Vulnerabilities in the AI training dataset file format also created conditions where cyberattacks could have been launched against users of the GitHub repository. The issue was resolved within 48 hours of discovery.

3. Prevalence and Patterns of AI Data Leakage (based on 3rd party research)

Metomic's 2025 State of Data Security Report

Research published in April 2025 by Metomic reveals that AI-related data leakage is far more common than many organizations acknowledge. According to their survey of over 400 security leaders from the U.S. and UK:

- 68% of organizations have experienced data leakage incidents specifically related to employees sharing sensitive information with AI tools¹
- Despite these incidents, only 23% have implemented comprehensive AI security policies¹
- 90% of security leaders expressed confidence in their organization's security measures-revealing a significant disconnect between perceived and actual security posture¹

The report highlights a concerning reality: as AI tools become increasingly embedded in workplace environments, they dramatically expand the attack surface for malicious actors¹.

Harmonic Security's 2024 Study

A more granular analysis comes from Harmonic Security's Q4 2024 study, which found that approximately 8.5% of business user prompts to generative AI tools contain potentially sensitive data⁴. The study examined user behavior across major platforms including Microsoft Copilot, OpenAI's ChatGPT, Google Gemini, Claude, and Perplexity.

The types of sensitive information disclosed in these prompts included:

1. **Customer data (45.8% of concerning prompts):** Including billing information and authentication data
2. **Employee information (26.8%):** Including payroll data, personally identifiable information, and employment records-some users even asked AI systems to conduct employee performance reviews
3. **Legal and finance data (14.9%):** Including sales pipeline information, investment portfolios, and details about merger and acquisition activities
4. **Security-related information (6.9%):** Including penetration test results, network configurations, and incident reports that could provide attackers with blueprints for exploitation
5. **Sensitive code (5.6%):** Including access keys and proprietary source code

The study also raised concerns about employees using free tiers of generative AI services, which typically lack the security features included in enterprise versions.

4. Underlying Causes and Risk Factors (suggested by 3rd party experts)

Employee Behavior and Awareness Gaps

A common theme across incidents is the disconnect between security leaders' confidence in their training and security measures versus actual employee behavior. While 91% of security leaders in the Metomic study believed their employee training initiatives were successful¹, the frequency of data leakage incidents suggests otherwise.

Employees often input sensitive data into AI systems without fully understanding the potential consequences, whether seeking efficiency in completing tasks or assistance with complex problems. For example:

- Sales teams might share internal sales metrics when asking an LLM to help craft personalized messages for prospects
- Marketing professionals might input unreleased product details when generating campaign strategies

Technical Security Challenges

The Microsoft incident highlights the unique technical challenges associated with securing AI systems and their associated data:

1. **Scale challenge:** The sheer volume of data used to train and operate LLMs creates significant security complexities
2. **Configuration complexity:** As demonstrated by Microsoft's SAS token misconfiguration, ensuring proper access controls around AI systems requires specialized knowledge

3. **Legacy security approaches:** Traditional data protection strategies focus on securing controlled environments but may not address the risks associated with employees inputting sensitive data into third-party AI systems

5. Policy Implications and Recommendations

Comprehensive AI Data Security Policies

The gap between incident frequency (68% of organizations experiencing AI data leaks) and policy implementation (only 23% having comprehensive AI security policies) demonstrates an urgent need for policy development¹. Effective policies must address:

1. **Data classification:** Clear guidelines about what categories of information should never be shared with AI systems
2. **User authentication and access controls:** Ensuring only authorized personnel can access AI tools that may process sensitive information
3. **Monitoring and auditing:** Systems to detect unusual patterns of data sharing with AI tools

Technical Safeguards

Several technical approaches can help mitigate risks:

1. **AI firewalls:** Solutions like Private AI's 4.0alpha platform function as firewalls against unintended data exposure when users interact with third-party LLMs³
2. **Access controls and encryption:** Implementing robust security measures to protect large datasets used in AI development and training²
3. **Data governance and monitoring:** Comprehensive solutions that can detect unusual data access patterns and trigger alerts when data is accessed or shared inappropriately²

6. Conclusion

The incidents of sensitive data leaks and risks associated with generative AI tools from 2022 to 2025 underscore the urgent need for organizations to address the unique challenges posed by these technologies. As documented, companies across tech, finance, healthcare, telecom, and government sectors have faced significant vulnerabilities, ranging from proprietary code exposure to breaches of patient confidentiality. These cases reveal a common pattern: employees, often unaware of the risks, input sensitive data into external AI systems, amplifying the potential for data leakage. Regulatory actions, such as Italy's temporary ban on ChatGPT, further highlight the global scrutiny on AI's data privacy implications.

Third-party research from Metomic and Harmonic Security confirms that AI-related data leakage is widespread, with 68% of organizations experiencing incidents and 8.5% of AI prompts containing sensitive information. The disconnect between security leaders' confidence and the prevalence of these incidents points to critical gaps in employee awareness, technical safeguards, and comprehensive AI security policies. Underlying causes—such as the scale of AI datasets, configuration complexities, and reliance on legacy security approaches—demand innovative solutions like AI firewalls, robust access controls, and proactive data governance.

To mitigate these risks, organizations must prioritize clear data classification, user training, and advanced technical measures while fostering a culture of security awareness. As generative AI continues to evolve and integrate into workplaces, proactive policy development and vigilance will be essential to safeguard sensitive information and maintain stakeholder trust in an increasingly AI-driven world.

Supporting documents and Citations

Incidents of Sensitive Data Leaks via Generative AI (2022–2025)

Since the advent of widely-available generative AI tools (e.g. OpenAI’s ChatGPT launched Nov 2022), a number of organizations across industries have reported **employees unintentionally (or in some cases intentionally) exposing confidential data** by inputting it into AI chatbots. The table below compiles **notable incidents from 2022 to 2025** – including what was leaked, when it occurred, and how the company or regulators responded – with credible sources for each.

Notable Generative AI Data Leak Incidents

Organization	Date	What Was Uploaded	Consequences / Response	Source(s)
Samsung Electronics (Tech)	March –April 2023	Proprietary source code (for a semiconductor database and equipment) and an internal meeting transcript were pasted into ChatGPT by engineers seeking bug fixes and meeting summaries gizmodo.com .	After discovering at least <i>three</i> such leaks in a month, Samsung imposed an “ <i>emergency measure</i> ” capping prompt size at 1024 bytes and banned employee use of external AI tools gizmodo.com gizmodo.com . The company warned that sharing sensitive data with	Gizmodo (Apr 2023) gizmodo.com gizmodo.com ; Plurilock (May 2023) plurilock.com .

			ChatGPT could lead to termination, and it began developing an in-house AI assistant for internal use plurilock.comgizmodo.com .	
Amazon.com, Inc. (Tech)	January 2023	Confidential Amazon code and data – Employees had been using ChatGPT as a “coding assistant,” at times inputting internal code. Amazon’s lawyers later observed ChatGPT outputs that “ <i>closely match[ed]</i> ” proprietary internal material businessinsider.com , indicating such data had been uploaded.	Amazon’s attorneys issued an urgent company-wide warning not to share “ any Amazon confidential information (including Amazon code) ” with ChatGPT businessinsider.com . The firm added pop-up warnings on work devices and limited ChatGPT use, reminding staff that inputs might be used to train the AI businessinsider.com . Amazon also began developing	Business Insider (Jan 2023) businessinsider.com businessinsider.com .

			its own AI tools for internal use futurism.combusinessinsider.com .	
JPMorgan Chase & Co. (Finance)	February 2023	<i>(No specific leak incident)</i> – As ChatGPT’s popularity surged, JPMorgan grew concerned employees might input sensitive financial or client data into the AI. This prompted a preemptive restriction on ChatGPT usage axios.com (no known direct leak had occurred).	The bank’s management banned use of ChatGPT for all staff as a compliance precaution axios.com . JPMorgan treated generative AI as unapproved third-party software, citing the need to protect confidential information. This move came amid industry-wide worries that employees could inadvertently leak data via	Axios (Feb 2023) axios.com ; Semafor (May 2023) semafor.com

			AI tools saxios.com . (Other major banks – e.g. Goldman Sachs, Citigroup, Bank of America – imposed similar bans in early 2023 semafor.com semafor.com .)	
Verizon Communications (Telecom)	February 2023	<i>(No single incident reported)</i> – Internal reviews flagged the risk of employees entering customer data or proprietary source code into ChatGPT. Verizon executives warned of “ <i>losing control</i> ” of such information if shared with an external AI businessinsider.com .	ChatGPT was blocked on Verizon’s corporate networks and devices businessinsider.com . The company announced that the chatbot “ <i>is not accessible from our corporate systems</i> ” specifically to prevent leaks of customer info or code businessinsider.com . Leadership stated that until generative AI could be used	Business Insider (Jul 2023) businessinsider.com businessinsider.com .

			safely, access would be restricted in order to protect stakeholders' data businessinsider.com .	
Apple Inc. (Tech)	May 2023	<i>(No confirmed leak – policy decision)</i> – Apple grew concerned that employees might unintentionally upload secret product information or source code into ChatGPT or GitHub Copilot. These AI services retain and could learn from such data businessinsider.com.	Apple prohibited use of ChatGPT and similar AI tools for employees businessinsider.com. An internal memo cited the risk of “<i>potential leak of confidential data</i>” and instructed staff not to use external generative AI for work tasks. (Apple reportedly began work on its own AI	WSJ via Business Insider (May 2023) businessinsider.com.

			models, and limited internal tools were allowed instead.)	
South Metropolitan Health Service (Healthcare, Australia)	May 2023	Patient medical information – Doctors in a Perth hospital network were found to be inputting patients' names and health details into ChatGPT to draft medical notes and letters for insurance cyberhaven.com theguardian.com . This meant private health data was being sent to an external AI, risking confidentiality.	The hospital group's CEO immediately ordered staff to stop using AI chatbots for any patient-related work aiaaic.org . The internal alert warned there was <i>"no assurance of patient confidentiality when using [ChatGPT],"</i> and prohibited further use theguardian.com . The incident also spurred the Australian Medical Association to urge national regulations to protect patient privacy in the use of AI aiaaic.org .	The Guardian (Jul 2023) theguardian.com theguardian.com ; AIAAIC/ABC News (May 2023) aiaaic.org .

U.S. House of Representatives (Government)	June 2023	<i>(No single leak – policy decision)</i> – Congressional IT officials evaluated ChatGPT and similar models for security. They were concerned that staff might input non-public legislative data or communications into the AI, which could be stored or later retrieved axios.com axios.com .	The House banned the use of free ChatGPT and authorized only the ChatGPT Plus version under strict rules axios.com axios.com . Staff were instructed to use the chatbot <i>for limited research purposes only</i> , to input “no sensitive data” (nothing not already public), and to enable privacy settings so chat histories would not be saved axios.com . These guardrails aimed to prevent any inadvertent leakage of confidential congressional information.	Axios (Jun 2023) axios.com axios.com .
OpenAI’s ChatGPT (Italy Ban) (Regulator action)	March–April 2023	Personal user data – Italy’s data protection authority (<i>Garante</i>) found that ChatGPT had improperly collected and retained personal data from users and others (via training) without a legal basis wald.ai . A prior ChatGPT bug	The Italian regulator issued a temporary ban on ChatGPT (making Italy the first Western country to do so). OpenAI was required to address privacy issues wald.ai – the service went offline in Italy for about one	BBC News (Mar 2023) wald.ai wald.ai ; OpenAI Blog (Apr 2023) wald.ai .

		had also exposed some users' conversation titles and payment info to others ^{wald.ai} wald.ai, raising privacy alarms.	month. In response, OpenAI implemented new privacy disclosures and user controls (such as the ability to disable chat history) and the ban was lifted in April 2023 ^{wald.ai} . This incident prompted broader EU scrutiny of generative AI and its data practices.	
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Accuracy of results - Reliability of results

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Introduction

Ensuring the accuracy and reliability of AI system outputs is critical for Consumer-Packaged Goods (CPG) companies that rely on AI for decision making, customer insights, supply chain optimization, and regulatory compliance. Inaccurate or unreliable AI results can lead to poor business decisions, regulatory violations, and loss of consumer trust. This section proposes a tailored framework for managing accuracy and reliability, grounded in the regulatory mandates and best practices outlined in the EU Artificial Intelligence Act (AI Act) and the NIST AI Risk Management Framework (AI RMF).

Executive Summary

This document establishes a comprehensive policy framework to ensure the accuracy and reliability of AI system outputs within Consumer-Packaged Goods (CPG) companies. The primary purpose of this policy is to safeguard business decisions, maintain regulatory compliance, and uphold consumer trust by ensuring that AI-driven insights and actions are consistently accurate and dependable.

The policy is grounded in leading global standards, including the EU Artificial Intelligence Act (AI Act) and the NIST AI Risk Management Framework (AI RMF). It outlines clear requirements and best practices across five key areas:

- 1. Data Quality and Representativeness:**

Ensures all AI datasets are relevant, comprehensive, and unbiased, with regular audits and robust data governance to minimize errors and bias.

2. **Measurement and Documentation of Accuracy:**

Mandates the use of quantitative accuracy metrics and thorough documentation of testing methodologies, datasets, and results to support transparency and accountability.

3. **Robustness and Generalizability:**

Requires AI models to perform reliably across diverse and changing real-world conditions, with stress testing and scenario analysis to validate their resilience.

4. **Human Oversight and Transparency:**

Incorporates human-in-the-loop mechanisms for critical decisions and emphasizes clear communication of AI system capabilities and limitations.

5. **Risk Management and Continuous Monitoring:**

Establishes ongoing monitoring, feedback loops, and periodic reviews to detect and address accuracy drift or unexpected outputs throughout the AI lifecycle.

By implementing this policy, CPG companies can proactively manage the risks associated with AI, ensure compliance with evolving regulations, and foster trust among consumers and stakeholders. The framework supports ethical AI deployment, continuous improvement, and business integrity in a rapidly advancing technological landscape.

Framework for Accuracy and Reliability of AI Results

1. Data Quality and Representativeness

Policy Reference: The EU AI Act requires that “training, validation, and testing data sets are relevant, representative, free of errors and complete, taking into account the intended purpose of the system” (AI Act, Article 10, Section 2).

Application: Ensure all datasets used in AI development are comprehensive and representative of realworld conditions to minimize bias and error. Employ standards such as ISO/IEC 52592 for assessing data accuracy, completeness, and consistency.

Practice: Regularly audit datasets for errors or gaps and update them to reflect current market and consumer conditions.

How to create Clean, Representative, and Unbiased Data?

To ensure datasets are clean, representative, and unbiased, employ robust data collection and processing techniques such as:

- **Sampling Methods:** Use stratified, random, or systematic sampling to capture diverse and representative subsets of the population, minimizing selection bias and ensuring the dataset reflects real-world variability.
- **Anonymization and De-identification:** Remove or mask sensitive personal information (e.g., names, addresses, race, gender, age) when such attributes are not relevant to the AI system's purpose. Techniques include data omission, pseudonymization, aggregation, and noise addition to protect privacy while preserving data utility.
- **Bias Mitigation:** Regularly audit datasets to identify and correct imbalances or underrepresented groups. Remove sensitive attributes like race, gender, and age where they do not contribute to the model's function to prevent discriminatory outcomes.
- **Data Governance Practices:** Implement strict data management policies covering data acquisition, labeling, storage, and filtration to maintain data integrity and traceability throughout the AI system lifecycle.
- **Data Validation and Verification:** Implement automated and manual validation processes to detect anomalies, inconsistencies, or inaccuracies in the data. Techniques such as cross-validation, outlier detection, and consistency checks help ensure the dataset remains reliable and aligned with the intended use case.

These practices align with the EU AI Act's emphasis on data relevance, representativeness, and error-free quality, while also addressing ethical considerations related to privacy and fairness.

2. Measurement and Documentation of Accuracy

In the Artificial Intelligence Risk Management Framework (AI RMF 1.0), under section on "Valid and Reliable" under "AI Risks and Trustworthiness". In this section, it defines accuracy and discusses related concepts:

- Accuracy Definition: "Accuracy is defined by ISO/IEC TS 5723:2022 as "closeness of results of observations, computations, or estimates to the true values or the values accepted as being true."
- Importance of External Validity and Representative Test Sets: The document further states that "Measures of accuracy should consider computational-centric measures (e.g., false positive and false negative rates), human-AI teaming, and demonstrate external validity (generalizable beyond the training conditions)." It also emphasizes that "Accuracy measurements should always be paired with clearly defined and realistic test sets – that are representative of conditions of expected use – and details about test methodology; these should be included in associated documentation."

Examples of Associated Documentation

1. **Test Dataset Description:** Summary of the data source, sample size, and how the data reflects real-world use.
2. **Test Methodology Report:** Outline of evaluation procedures, chosen accuracy metrics (e.g., precision, recall), and why they were selected.
3. **Accuracy Results Summary:** Tables or charts showing accuracy scores, error rates, and key findings.
4. **External Validity Assessment:** Short notes on how well the model performs on new or different data compared to the training set.
5. **Version Control Log:** Simple record of dataset and model versions used during testing.
6. **Explainability and Limitations Note:** Brief explanation of how the model makes decisions and any known limitations or edge cases.

Application: Implement quantitative metrics such as false positive/negative rates, precision, recall, and confidence scores to evaluate AI outputs. Document test methodologies, datasets, and results thoroughly to support transparency and accountability.

Practice: Disaggregate accuracy metrics across different customer segments or product categories to identify and address disparities.

3. Robustness and Generalizability

- Policy Reference: Robustness is defined as the “ability of a system to maintain its level of performance under a variety of circumstances” (ISO/IEC TS 5723:2022, cited by NIST AI RMF). The EU AI Act also emphasizes robustness as a key requirement for high risk AI systems.
- Application: Design AI models to perform reliably across diverse conditions and data variations typical in the CPG sector, such as seasonal demand shifts or supply chain disruptions.

Examples Illustrating the Importance of Robustness and Compliance Implications in EU act-

1. **Supply Chain Prediction Errors:**

AI systems forecasting supply chain disruptions must be robust to diverse and unforeseen conditions. A failure to anticipate critical shortages can cause production delays or missed contractual obligations. Such failures may violate Article 9 (Risk Management System), which requires providers to identify and mitigate risks throughout the AI lifecycle, and Article 10 (Data and Data Governance), mandating relevant, representative, and error-free data. Additionally, inaccurate predictions causing environmental harm or consumer detriment breach the Act’s fundamental rights protections (Recitals 1, 4, 7, 8). Non-compliance can lead to regulatory penalties and legal liability.

2. **Demand Forecasting under Seasonal Variations:**

Incorrect demand predictions leading to overstocking or stockouts can violate Article 16 (Compliance with Requirements), which requires AI systems to meet all mandated standards, including accuracy and robustness. Overstocking may breach environmental protection principles (Recital 4), while stockouts impact consumer protection rights (Recital 8).

3. **Quality Control in Manufacturing:**

AI systems that fail to maintain performance under changing conditions risk allowing defective products to reach

consumers, violating Article 9 (Risk Management System) and Article 11 (Technical Documentation), which requires thorough documentation of AI system performance and limitations. This also breaches product safety regulations and fundamental rights protections emphasized by the Act (Recital 8).

4. **Supplier Compliance Monitoring:**

AI tools assessing supplier adherence to labor or environmental standards must reliably detect violations. Failure to do so risks breaching Article 9 (Risk Management System) and Article 16 (Compliance with Requirements), exposing companies to reputational damage and regulatory penalties under the Act's ethical sourcing and fundamental rights provisions (Recital 9)

- Practice: Conduct stress testing and scenario analysis to validate model performance under edge cases and unforeseen conditions.

4. Human Oversight and Transparency

- Policy Reference: The EU AI Act mandates "human oversight" to ensure AI decisions can be reviewed and corrected (AI Act, Article 14). Transparency about AI system capabilities and limitations is also required to inform users and stakeholders.
- Application: Incorporate human in the loop mechanisms for critical decisions, especially those affecting consumers or regulatory compliance. Provide clear documentation and user guidance on AI system accuracy and limitations.
- Practice: Use confidence scores or reliability indicators alongside AI outputs and label AI generated content clearly.

5. Risk Management and Continuous Monitoring

- Policy Reference: NIST AI RMF's "Measure" and "Manage" functions emphasize ongoing risk assessment, monitoring, and mitigation to maintain accuracy and reliability throughout the AI lifecycle.

- Application: Establish continuous monitoring systems to detect accuracy drift, unexpected outputs ("hallucinations"), or degradation in model performance. Conduct periodic reviews and recalibrations.
- Practice: Implement automated alerts for anomalies and integrate feedback loops for user reported errors.

Regulatory Quotes Supporting the Framework

Regulation / Framework	Exact Quote	Reference Location
EU AI Act	"Providers of high-risk AI systems shall ensure that training, validation, and testing data sets are relevant, representative, free of errors and complete, taking into account the intended purpose of the system."	Article 10, Section 21
EU AI Act	"Human oversight shall be ensured to prevent or minimize risks to health, safety or fundamental rights."	Article 141
EU AI Act	"Documentation should be provided in clear, intelligible language about the nature of the service, the tools developed, the performance and conditions under which they can be expected to function."	Recital and Article references on transparency7
NIST AI RMF	"Accuracy is defined as closeness of results of observations, computations, or estimates to the true values or the values accepted as being true. Accuracy measurements should always be paired with clearly defined and realistic test sets."	NIST AI RMF 1.0, Accuracy and Robustness section8
NIST AI RMF	"Robustness or generalizability is the ability of a system to maintain its level of performance under a variety of circumstances."	NIST AI RMF 1.0, Accuracy and Robustness section

Implementation Guidelines-

1. Data Quality and Representativeness

Action steps:

- Conduct initial and periodic audits of training, validation, and test datasets to verify relevance, representativeness, and completeness.
- Use data profiling tools to detect missing values, outliers, and inconsistencies.
- Integrate diverse data sources (e.g., sales, supply chain, customer feedback) to enhance representativeness.
- Document data provenance and preprocessing steps to maintain traceability.

Tools & Techniques:

- Data quality dashboards, statistical sampling, and bias detection algorithms.
- ISO/IEC standards for data quality assessment.

Responsible Roles:

- Data engineers, data scientists, AI model owners, and compliance officers.

2. Measurement and Documentation of Accuracy

Action Steps:

- Define key accuracy metrics relevant to the AI use case (e.g., precision, recall, F1 score, RMSE).
- Establish baseline performance targets aligned with business objectives and regulatory expectations.
- Implement automated testing pipelines to measure accuracy on holdout datasets regularly.
- Maintain detailed records of test datasets, evaluation methods, and results for audits.

Tools & Techniques:

- Model evaluation libraries (e.g., scikit-learn, TensorFlow Model Analysis).
- Version control for datasets and model artifacts.

Responsible Roles:

- AI developers, quality assurance teams, and audit personnel.

3. Robustness and Generalizability

Action Steps:

- Perform stress testing using edge cases, adversarial examples, and simulated scenarios relevant to CPG operations (e.g., supply chain disruptions).
- Validate model performance across different demographic segments and product categories.
- Regularly retrain models with updated data to adapt to changing conditions.

Tools & Techniques:

- Scenario simulation platforms, adversarial testing frameworks.

Responsible Roles:

- AI researchers, risk managers, and domain experts.

4. Human Oversight and Transparency

Action Steps:

- Design human-in-the-loop workflows for critical AI decisions (e.g., product recalls, marketing campaigns).
- Provide clear explanations of AI outputs, including confidence scores and known limitations.
- Train users on interpreting AI results and escalation protocols for anomalies.

Tools & Techniques:

- Explainable AI (XAI) tools, user interface design for transparency.

Responsible Roles:

- Product managers, compliance officers, and end-user trainers.

5. Risk Management and Continuous Monitoring

Action Steps:

- Deploy monitoring systems to track accuracy drift, data distribution changes, and unexpected outputs in real time.
- Set thresholds for automated alerts and trigger investigations when exceeded.
- Schedule periodic model audits and recalibrations based on monitoring data.

Tools & Techniques:

- AI monitoring platforms (e.g., Inspeq, Fiddler AI), anomaly detection algorithms.

Responsible Roles:

- AI operations teams, risk management, and compliance.

Metrics Templates for Monitoring AI Accuracy and Reliability-

Metric Name	Description	Measurement Method	Frequency	Threshold / Target	Responsible Party
Precision	Proportion of true positive results among all positive predictions	Confusion matrix analysis	Monthly	≥ 90%	AI Developers
Recall (Sensitivity)	Proportion of true positive results detected among all actual positives	Confusion matrix analysis	Monthly	≥ 85%	AI Developers
F1 Score	Harmonic mean of precision and recall	Calculated from precision and recall	Monthly	≥ 0.87	AI Developers
Root Mean Square Error (RMSE)	Average magnitude of prediction errors	Statistical comparison of predicted vs actual values	Monthly	≤ pre-defined business-specific limit	Data Scientists
Data Completeness	Percentage of missing or null values in datasets	Data profiling tools	Quarterly	≤ 2% missing data	Data Engineers
Model Drift Index	Measure of deviation in input data distribution compared to training data	Statistical divergence metrics (e.g., KL divergence)	Weekly	Within acceptable range	AI Operations
Human Override Rate	Percentage of AI decisions overridden by human reviewers	Review logs	Monthly	≤ 5%	Compliance & QA
Audit Trail Completeness	Percentage of AI outputs with complete documentation and traceability	Audit logs	Quarterly	100%	Audit Team
Groundlessness	Proportion of AI outputs lacking sufficient evidence or justification	Manual review of outputs for supporting evidence	Monthly	≤ 2%	Compliance & QA

Implementation Timeline-

Phase	Key Activities	Timeline
Phase 1: Preparation	Define accuracy metrics, data audit, team training	Month 1
Phase 2: Baseline Testing	Conduct initial model evaluation, document results	Month 2
Phase 3: Monitoring Setup	Deploy monitoring tools, establish alert thresholds	Month 3
Phase 4: Human Oversight Integration	Implement human-in-the-loop workflows and training	Month 4
Phase 5: Continuous Improvement	Regular audits, retraining, and policy updates	Ongoing

Ownership of outcome

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Introduction-

To create a comprehensive policy framework on "Ownership of Outcome" for employees in an organization that aligns with both EU and USA policies, the framework must integrate principles of accountability, transparency, risk management, and ethical responsibility as outlined in the respective regional guidelines.

Comprehensive Policy Framework: Ownership of Outcome

Policy Purpose

This policy establishes that employees are responsible for owning the outcomes of their work, including decisions, deliverables, and impacts, ensuring accountability, ethical conduct, and alignment with organizational and regulatory standards.

Key Principles-

- **Ownership and Accountability:** Employees must take full responsibility for the outcomes of their tasks and projects, including positive results and any unintended consequences.
- **Transparency and Reporting:** Employees should document and report outcomes clearly, enabling traceability and informed decision-making.
- **Risk Management:** Employees must identify, assess, and mitigate risks related to their work outcomes, adhering to organizational risk frameworks.
- **Ethical and Legal Compliance:** Outcomes must comply with applicable laws, regulations, and ethical standards, including data protection, privacy, and fairness.

- Continuous Improvement: Employees are encouraged to learn from outcomes to improve future performance and organizational practices.

Policy Scope

Applies to all employees involved in decision-making, development, deployment, or management of products, services, or processes within the organization.

Roles and Responsibilities

- Employees: Own and be accountable for their work outcomes; proactively manage risks; ensure compliance.
- Managers: Support employees in understanding ownership expectations; facilitate risk management and compliance.
- Compliance and Risk Teams: Provide frameworks, training, and oversight to ensure policy adherence.

Alignment with EU Policy

The EU policy framework, particularly under regulations such as the General Data Protection Regulation (GDPR) and the EU AI Act, emphasizes:

- Accountability and Transparency: Organizations and individuals must demonstrate accountability for AI systems and data processing activities, ensuring outcomes are explainable and traceable.
- Risk Management: Continuous assessment and mitigation of risks related to AI and data use are mandatory.
- User Rights and Ethical Use: Outcomes must respect fundamental rights, including privacy, non-discrimination, and fairness.

The EU approach mandates that outcome ownership includes responsibility for protecting individual rights and ensuring transparency in automated decisions, with strict adherence to data protection principles.

Alignment with USA Policy (NIST AI Risk Management Framework)

The USA policy, as per the NIST AI Risk Management Framework (AI RMF 1.0), highlights:

- Governance and Accountability: Organizations and employees must govern AI risks throughout the lifecycle, ensuring responsible development and deployment.
- Risk Framing and Management: Employees must understand and manage AI risks, including safety, security, fairness, and privacy.
- Human-Centric and Social Responsibility: Emphasizes professional responsibility of employees to consider societal impacts and maintain trustworthiness of AI outcomes.
- Flexibility and Adaptability: The framework is voluntary and adaptable, encouraging organizations to tailor risk management to their context.

The USA policy focuses on embedding risk management and accountability into organizational processes, with employees playing active roles in managing AI system outcomes responsibly.

Distinctions Between EU and USA Policies on Outcome Ownership

Aspect	EU Policy Emphasis	USA (NIST AI RMF) Emphasis
Legal Binding Nature	Regulatory and legally enforceable (e.g., GDPR, AI Act)	Voluntary, guidance-based framework
Focus on Rights	Strong focus on fundamental rights and data protection	Emphasis on risk management and trustworthiness
Transparency	Mandatory explainability and user rights	Emphasis on accountability and governance
Risk Management	Prescriptive risk mitigation for AI harms	Flexible, adaptive risk management approach
Scope of Responsibility	Organizational and individual accountability for compliance	Organizational governance with employee responsibility for risk management

Policy Statement on Ownership of Outcome-

"Employees are the primary owners of the outcomes resulting from their work and decisions. This ownership entails full accountability for the quality, impact, and compliance of outcomes with applicable laws, ethical standards, and organizational policies. Employees must proactively identify and manage risks associated with their outcomes, ensure transparency in reporting, and uphold the principles of fairness, privacy, and social responsibility. This policy aligns with both EU regulatory requirements and the USA's NIST AI Risk Management Framework to foster trustworthy, ethical, and legally compliant organizational practices."

How Can Organizations Apply "Ownership of AI-Generated Outcomes"?

1. Update Governance and IP Policies for AI-Created Output

Redefine internal IP (Intellectual Property) and content liability clauses in contracts to specify that:

- Individuals who initiate, configure, or prompt AI systems are accountable for outcomes.
- AI is a tool, but the human remains the ethical and legal custodian of the result.

2. Create a Human-in-the-Loop (HITL) AI Responsibility Model

- Embed checkpoints in workflows (code, content, models, decisions) that require human review, annotation, and validation of AI outputs.
- Assign named individuals who “sign off” on each AI-generated asset (code, content, decision, recommendation, etc.).

3. AI Output Disclosure & Attribution Requirements

- Mandate attribution tagging:
 - Who created the prompt?
 - What AI system was used?
 - What parts were edited, reviewed, or accepted as-is?
- Implement version tracking (e.g., through tools like Git, Notion, or a proprietary ledger) that records human-AI collaboration trails.

4. AI Outcome Escalation & Exception Framework

- Set up a structured process to flag and handle problematic AI outcomes:
 - Bias
 - IP violations
 - Defamatory or unsafe content
- Define who is liable and when — especially across content marketing, HR automation, product design, or customer service use cases.

5. Role-Based Training: "AI Accountability Certification"

- Create mandatory training for high-risk roles (data scientists, marketers, policy writers, legal staff) covering:
 - Ethics of AI-generated content
 - Risk and liability of AI misuse
 - When and how to intervene or override AI outputs
- Use real internal examples (e.g., incorrect AI-generated campaign text) to train for scenario-based accountability.

6. Integrate AI Ownership into Performance & Legal Review

- Add "AI ownership" to internal audit checklists:
 - Who approved the output?
 - Was the outcome reviewed, tested, and signed off?
- In regulated industries, link ownership trails to regulatory disclosures and product release documentation.

How Can Individuals Apply "Ownership of AI-Generated Content"?

1. Act as the “Responsible Prompt Owner”

- Treat every AI interaction (e.g., prompt, query, task) as if you are initiating a business outcome.
- Document:
 - The purpose of the AI use.
 - Your prompt.
 - Whether you accepted the output fully, partially, or rejected it.

2. Validate & Curate Every Output

- Never publish or implement AI-generated outputs without:
 - Cross-checking facts
 - Reviewing bias and tone
 - Ensuring it aligns with company policy and compliance standards

3. Log Prompting Decisions in High-Stakes Contexts

- In sensitive areas (e.g., legal, policy, customer communications), keep prompt logs and version histories.
- Be able to explain why you used AI and how you interpreted its result.

4. Use an “Ownership Declaration” for AI Outputs

- In submitted work, use simple footnotes or metadata like:
“This content was AI-assisted. Final ownership and edits were made by [Your Name].”

- Especially important for client-facing work, legal docs, research, etc.

5. Report & Reflect on Consequences

- If an AI-generated outcome leads to:
 - Misinformation
 - Harm
 - Compliance violations

Immediately report it via internal incident systems — and participate in lessons-learned reviews.

Usage of AI Features within Productivity Tools

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AI-powered features embedded within commonly used enterprise applications—such as Microsoft 365 Copilot, Teams AI enhancements, ChatGPT and Zoom AI Companion—offer significant productivity benefits. However, their usage must align with organizational policies, legal requirements, and data governance standards

Approved Usage

- **Permitted Tools:** Employees may use AI features in organization-approved versions of Microsoft Office, Teams, Zoom, and other sanctioned platforms, provided they are configured and managed by IT or security teams.
- **Use Cases:** Common acceptable uses include:
 - **Automated Documentation** – AI-generated summaries, formatting assistance, and predictive text in Microsoft Word, PowerPoint, and Excel.
 - **Meeting Enhancements** – Transcription, live captions, noise cancellation, and AI-generated action items in Microsoft Teams and Zoom.
 - **Data Analysis & Insights** – AI-driven analytics, smart formula suggestions, and automation within Excel and other business intelligence tools.
 - **Communication & Collaboration** – AI-powered chatbots, scheduling assistance, and content recommendations within Teams and Zoom.
- **Business Context Only:** Use of AI features should be strictly for work-related tasks and content generations including multimodality (text, image, audio and video etc.). Personal use of AI tools within company accounts is prohibited.

Compliance and Ethical Considerations

To ensure responsible AI use, employees must adhere to the following principles:

- **Data Security & Privacy** – AI features must comply with organizational security policies and applicable regulations such as GDPR, HIPAA, and SOC 2.
- **Intellectual Property Protection** – Users should validate AI-generated content to avoid unintended copyright violations or unauthorized data sharing.
- **Bias and Fairness** – AI-driven recommendations must be reviewed critically to mitigate algorithmic biases and ensure fair decision-making.

Data Privacy and Confidentiality

- **Sensitive Information:** AI features must not be used to process, summarize, or analyze highly sensitive or regulated data unless explicitly authorized and safeguarded.
- **Data Residency and Processing:** Users should be aware that AI features may involve cloud processing. IT will ensure configurations align with company data residency, retention, and access policies.
- **Third-Party Sharing:** Employees must not enable or authorize sharing of AI-generated outputs or data with third-party services unless vetted and approved by the organization.

Transparency and Accountability

- **Disclosure:** When using AI features to generate content (e.g., reports, meeting summaries), users must disclose that AI assistance was involved.
- **Validation:** AI-generated outputs should be reviewed and validated by users before dissemination. Employees are accountable for the accuracy and appropriateness of final content.

Security and Compliance

- **Configuration Management:** All AI functionalities must be enabled and governed through centralized IT administration. Unauthorized enabling of preview or beta AI features is prohibited.
- **Logging and Monitoring:** Use of AI features will be monitored for compliance, and logs may be maintained to ensure proper usage and auditability.

- **Compliance Standards:** All usage must comply with relevant industry regulations (e.g., GDPR, HIPAA, SOX), internal information security policies, and contractual obligations.

Training and Awareness

- Employees must complete required training on the ethical and secure use of AI features within these tools.
- Regular updates will be shared to ensure awareness of changes in AI functionalities and associated risks

AI Features in Microsoft Office Tools

Microsoft Office integrates AI-powered features across its applications to enhance productivity, automate tasks, and streamline workflows. Here's a breakdown of key AI capabilities within Office apps:

Microsoft Word

- **Copilot for Writing Assistance** – AI-generated text suggestions, sentence restructuring, and stylistic improvements.
- **Smart Summarization** – Automatic document summarization, key point extraction, and readability enhancements.
- **Grammar & Style Checking** – AI-driven tools like Microsoft Editor that suggest corrections for grammar, tone, and clarity.
- **Auto Formatting** – AI-assisted layout adjustments, styles, and template recommendations.

Microsoft Excel

- **Data Analysis & Insights** – AI-driven data visualization, trend identification, and smart formula suggestions.
- **Automated Forecasting** – Predictive modeling based on historical data for business and financial forecasting.
- **Power Query & AI Integration** – Automated data transformations, smart data cleanup, and intelligent recommendations.

- **Copilot for Spreadsheet Management** – AI-assisted automation in calculations, pivot tables, and advanced Excel functions.

Microsoft PowerPoint

- **AI-Powered Design Suggestions** – Automated slide layout improvements through PowerPoint Designer.
- **Speech & Presentation Coaching** – AI-driven real-time feedback on pacing, clarity, and engagement.
- **Auto-Generated Summaries** – AI-based slide summaries to quickly extract key insights.
- **Smart Image & Content Recommendations** – AI suggests relevant images and graphical enhancements.

Microsoft Outlook

- **Smart Email Drafting** – AI-powered suggestions for email responses and tone adjustments.
- **Intelligent Scheduling** – AI-assisted meeting scheduling, including time zone adjustments.
- **Priority Inbox Management** – Automatic sorting of important emails based on relevance.
- **Text Prediction & Auto Replies** – AI suggests responses based on email context.

Microsoft Teams

- **Meeting Transcription & AI Summarization** – Real-time transcription, action item tracking, and AI-generated meeting summaries.
- **Noise Cancellation & Voice Enhancement** – AI-powered filters to improve call quality.
- **Chatbots & Workflow Automation** – AI-driven bots assist with administrative tasks and information retrieval.
- **Content Recommendation & Search Enhancements** – AI-powered search delivers contextual results within messages and files.

These AI-powered features within Microsoft Office significantly enhance efficiency by automating repetitive tasks, improving accessibility, and providing intelligent insights.

Industry Specific – CPG

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Abstract

We provide clear and practical guidelines for the Consumer Packaged Goods (CPG) industry to effectively navigate the evolving AI regulatory landscapes in both the European Union and the United States. Building on Regulation (EU) 2024/1689 and NIST's Artificial Intelligence Risk Management Framework (AI RMF 1.0), this document outlines how these policies support compliance, risk management, and the ethical deployment of AI technologies.

Introduction

This AI Policy Framework establishes clear guidelines for the responsible development, deployment, and governance of AI systems within our Consumer-Packaged Goods (CPG) organization. As AI becomes integral to our operations-from supply chain management to consumer engagement-it is vital to ensure these systems are trustworthy, ethical, and compliant with applicable laws.

The framework aligns with key regulatory requirements from both the European Union and the United States.

Policy Guidelines

1. Data Integrity & Governance

Policy: All data used in AI systems must be accurate, relevant, representative, and managed under robust data governance practices. Data privacy and security must be maintained throughout the AI lifecycle.

Mandate: All data must pass through the centralized MDM hub before use.

Checks: Monthly audits of data lineage; immediate quarantine of any unvetted feed.

EU-

The EU Artificial Intelligence Act (EU AI Act) Article 10 explicitly mandates that high-risk AI systems must be developed using high-quality data sets for training, validation, and testing. Specifically, Article 10(1) states:

“High-risk AI systems which make use of techniques involving the training of AI models with data shall be developed on the basis of training, validation and testing data sets that meet the quality criteria referred to in paragraphs 2 to 5 whenever such data sets are used.” [Article 10, EU AI Act]

Paragraph 3 further clarifies:

“Training, validation and testing data sets shall be relevant, sufficiently representative, and to the best extent possible, free of errors and complete in view of the intended purpose.” [Article 10(3), EU AI Act]

This underscores the necessity of ingesting only fully cleansed and harmonized data into AI systems. The document also stresses that:

“Systems and procedures for data management, including data acquisition, collection, storage, filtration, and retention, must be clearly defined and documented.” [Article 10, EU AI Act]

Centralizing data ingestion through a Master Data Management (MDM) hub enforces these principles by ensuring data standardization, traceability, and auditability. This is crucial because fragmented or inconsistent data sources can cause irreproducible or biased AI outputs.

Moreover, robust data governance supports compliance with the GDPR and CCPA by enabling full data lineage tracking and audit trails, which are required for accountability.

USA-

"Valid and Reliable is a necessary condition of trustworthiness and is shown as the base for other trustworthiness characteristics." [Section 3.1, p.13]

"Privacy-Enhanced: Privacy risks and related harms to individuals, groups, and communities arising from AI systems should be identified and managed and privacy-enhancing techniques implemented." [Section 3.6, p.17]

2. Model Transparency & Explainability

Policy: AI models must be transparent and explainable, with stakeholders granted access to meaningful information about decision logic. Every deployed model must include a "decision explainer" report, and quarterly explainability reviews by Commercial and Finance teams are mandatory.

Mandate: Every deployed model must include a "decision explainer" report.

Checks:

Generate "decision explainer" reports for all deployed models, detailing input variables, logic, and limitations.

Conduct quarterly reviews with Commercial and Finance teams to validate model outputs against business objectives.

Train teams on interpreting explainability tools (e.g., SHAP, LIME) to identify biases or anomalies.

Label AI-generated content (e.g., personalized ads) with "Powered by AI" disclosures.

Requirements:

Data and Model Traceability: Companies must be able to track and trace which data sources were used for training and inference, as well as which models (and model versions) are currently live. This ensures that, at any point, the lineage of a decision can be reconstructed for audit or regulatory review.

Model Versioning (ML Ops): All AI models must be versioned, and the active version must be clearly displayed in production environments. ML Ops practices should ensure that any time a model is updated, rolled back, or replaced, these changes are logged and traceable. This is essential to prevent models from becoming “black boxes” over time and to quickly address any disconnects between model logic and business outcomes.

Model Explainability Examples:

- Highly Explainable Models: Decision trees, linear regression, and logistic regression are inherently more interpretable, as their decision logic can be visualized and directly understood.
- Less Explainable Models: Deep neural networks and ensemble methods (like random forests) may require additional tools (e.g., SHAP, LIME) to interpret their outputs.
- Visual Depiction: Use dashboards, feature importance plots, and flowcharts to visually explain which variables influence predictions (e.g., a SHAP summary plot showing key factors driving a demand forecast).
- Visual Explainability: All “decision explainer” reports should include visual elements-such as feature importance charts, decision paths, or scenario-based diagrams-to make model logic accessible to business users and auditors.

ML Ops Integration

- Continuous Monitoring: ML Ops should continuously monitor model performance and explainability. If a model’s behavior becomes inconsistent or opaque, ML Ops must be able to quickly identify the issue, trace the data and model lineage, and facilitate remediation.
- Auditability: All model changes, data source updates, and explainability reviews must be logged and auditable for at least two years, supporting both internal governance and external regulatory requirements.

- **Rapid Response:** If a disconnect is detected (e.g., a model starts producing unexpected results), ML Ops should provide tools to trace the root cause-whether it's a data drift, a model update, or a change in input features.

EU-

Article 13 of the EU AI Act mandates transparency for high-risk AI systems, requiring that:

High risk AI systems must be designed and developed to ensure transparency, including:

3. Human-in-the-Loop & Approval Workflows

Policy: AI-generated forecasts, promotion plans, or content must undergo mandatory human review and approval by designated champions (e.g., Planners, Category Managers, Legal teams) before deployment. Audit trails logging every approval and override must be retained for two years.

Mandate: AI recommendations route through designated champions (Planners, Category Managers, Legal).

Checks:

- **Audit Trails:** Log every approval/override, including reviewer name, date, reason, and final decision (e.g., "Category Manager X rejected AI's 20% price cut on Product Y due to brand positioning concerns on 15/05/2025").
- **Role-Based Access:** Restrict approval authority to designated roles (e.g., only Legal can approve AI-generated marketing claims).
- **Training:** Ensure reviewers understand AI limitations and escalation protocols (e.g., how to flag biased recommendations).

Bias Mitigation and Accountability

Human reviewers must actively monitor AI outputs for bias or inaccuracies, ensuring outputs are compliant and ethical before approval. Critical decisions should undergo structured approval workflows to ensure clear accountability.

Examples of Problematic AI Outputs -

- AI may produce discriminatory promotions or product recommendations, violating consumer protection laws
- Inaccurate demand forecasts that neglect sudden market changes
- Non-compliant marketing content that violates advertising standards

Human Oversight -Trained humans are essential to catch subtle biases, interpret outputs in context, and ensure decisions align with ethical, legal, and business standards, even with the use of bias detection tools. Human oversight provides regulators and stakeholders proactive compliance.

EU-

Article 14 of the EU AI Act focuses on human oversight, requiring that:

“High-risk AI systems shall be designed to enable human oversight to prevent or minimize risks.” [Article 14, EU AI Act]

This anthropocentric rationale ensures that AI recommendations are reviewed and validated by humans to prevent fundamental rights infringements and operational errors.

Routing AI outputs through designated human approvers (e.g., planners, category managers, legal teams) embeds this oversight into workflows. Maintaining audit trails of all approvals and overrides aligns with governance and accountability requirements.

4. Ethical & Regulatory Compliance

Policy: Ensure All AI Applications Comply with GDPR, CCPA, PDPA, Relevant Advertising Standards, and Industry Regulations.

Mandate: Any consumer-facing AI (emails, chatbots) must include clear “powered by AI” disclosures.

Checks: Bi-annual compliance audits; automated bias-detection scans on marketing content.

EU-

The EU AI Act addresses bias and discrimination primarily through transparency and explainability requirements, as well as through data governance. Article 10(5) allows for the processing of special categories of personal data strictly for bias monitoring, detection, and correction, under appropriate safeguards:

“Article 10(5) AI Act allows for the processing of special categories of personal data 'to the extent that ... is strictly necessary for the purposes of ensuring bias monitoring, detection and correction in relation to the high-risk AI systems', conditional on appropriate safeguards for the respect of fundamental rights.” [Article 10(5), EU AI Act]

USA-

“Fair – with Harmful Bias Managed: AI systems should be managed to identify, document, and mitigate bias and other harms related to fairness.” [Section 3.7, p.17]

“AI risk management offers a path to minimize potential negative impacts of AI systems, such as threats to civil liberties and rights, while also providing opportunities to maximize positive impacts.” [Section 1, p.4]

Use cases:

This ethical and regulatory compliance policy is essential for use cases such as Personalized Customer Experiences and Trade Promotion Optimization, where AI processes large volumes of consumer data and delivers targeted content directly to individuals.

5. Data Privacy & Data Retention Policy

Policy- Implement robust data privacy and retention policies that ensure personal and sensitive data used in AI systems are collected, processed, stored, and deleted in strict compliance with applicable laws.

Mandate:

Define clear retention periods for all data types involved in AI workflows, including raw data, processed datasets, model outputs, and audit logs.

Establish secure deletion protocols to permanently erase data once retention periods expire.

Apply anonymization or pseudonymization techniques wherever possible to reduce privacy risks.

Maintain detailed records of data processing activities, retention schedules, and deletion events for accountability.

Incorporate consent management and ensure that personal data processing aligns with the specified purposes documented prior to collection.

Checks:

Conduct regular reviews and audits of data retention practices to ensure compliance with evolving regulations and internal policies.

Automate retention enforcement through metadata tagging, expiry alerts, and deletion workflows integrated into AI pipelines.

Involve legal, compliance, and data governance teams in approving and updating retention schedules.

Perform Data Protection Impact Assessments (DPIAs) for AI systems handling sensitive or high-risk data to identify and mitigate privacy risks.

Regulatory Foundations-

EU Artificial Intelligence Act (AI Act) – Official Journal of the European Union, 13 June 2024

The AI Act mandates that AI systems, especially those classified as "high-risk," must comply with strict data governance and management requirements to protect fundamental rights and privacy.

"Providers of high-risk AI systems shall ensure that training, validation, and testing data sets are relevant, representative, free of errors and complete, taking into account the intended purpose of the system" (AI Act, Article 10, Section 2).

The Act also requires transparency and accountability measures, including maintaining detailed records of data processing and retention activities to enable auditing and compliance verification (AI Act, Article 13).

Responsible Use of AI: Ethics and Compliance

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Artificial intelligence (AI) is among the powerful technologies that will be able to shape the future of many generations. The spheres of its transformation prospects begin with changing the business models radically and causing an economic boost and end up in productivity and solving problems. The access and sharing of knowledge by individuals are being reinvented using AI and the process has become more effective and efficient. The issues regarding the ethics and compliance are gradually surfacing to the surface, but with an evolutionary trajectory of use of AI and enhancement of sophistication of its applications, the subject of ethics and compliance is taking its toll. It is described in terms of the following issues, which are namely: risk of bias and discrimination, privacy and security threat, and accountability in the domain of AI systems, which is a most complicated problem.

This report will explore five key areas of concern in the evolving landscape of AI:

- 1. Plagiarism and Intellectual Integrity:** Examining how AI challenges traditional notions of originality and authorship.
- 2. Disclosure Requirements:** Highlighting the growing need for transparency in the use of AI tools and outputs.
- 3. Ethical Concerns in Voice and Video Generation:** Addressing the risks of misuse and manipulation in AI-generated media.
- 4. Reporting AI Misuse:** Outlining the mechanisms and channels available for identifying and reporting inappropriate or harmful uses of AI.
- 5. Regulatory and Internal Governance Frameworks for AI:** Outlining global AI regulations and internal governance practices essential for ensuring ethical, transparent, and accountable use of AI within organizations.

These focus areas aim to guide responsible and ethical AI adoption across industries and disciplines.

Plagiarism Implications in AI-Generated Content

AI models generate content by analyzing vast datasets, learning patterns, and producing new text, images, or media. The data fed into these models frequently includes copyrighted materials or previously published AI-generated works. This iterative learning method and dataset refinement challenge traditional concepts of original authorship, as AI can imitate or paraphrase existing copyrighted content.

Risks posed by AI-generated content are significant across sectors:

- Academia faces heightened misconduct risks as students may submit work not their own, threatening academic integrity, learning quality, and reputation. AI's capacity for bias and stereotyping further complicates evaluation.
- Journalism is threatened by AI's potential to spread misinformation, breach copyrights, and erode trust, given its lack of deep intellectual judgment. Organizations like the National Union of Journalists (NUJ) warn of copyright violations, misattribution, and inaccurate reporting due to AI-generated materials.
- Marketing and Publishing suffer from content saturation, diminished originality, and intellectual property issues as AI automates content creation and distribution.

To address these threats, organizations must prioritize:

- **Originality Verification:** Deploying tools like Turnitin to identify AI-generated material, while recognizing the debates over their accuracy.
- **Human Oversight:** Fostering human review processes to judge the quality, accuracy, and contextual appropriateness of AI outputs.
- **Proper Attribution:** Acknowledging all sources and tools, including detailed disclosure of AI involvement.

Violations of these principles yield serious repercussions:

1. Academic Penalties: Non-attribution can result in disciplinary actions like missed assignments, suspension, or expulsion at prestigious institutions.

2. Legal and Ethical Liability: Unauthorized use of AI-generated content invites copyright infringement and plagiarism lawsuits, affecting writers and brands.

In summary, AI's creative power is immense but must be harnessed with rigorous oversight, transparency, and ethical diligence to safeguard academic and legal integrity.

Disclosure Requirements When Using AI

Transparency about AI usage strengthens trust and accountability, informing audiences about how AI systems operate and make decisions. Without clarity, consumers and stakeholders risk feeling exploited or manipulated.

Examples of Disclosure-

Typical statements facilitating transparency include:

- **"This content was partly created using AI."**
- **"Voice cloning was applied to simulate audio."**

Such disclosures clarify AI's role in content creation, promoting informed decision-making among audiences.

Industry Expectations

Disclosure is becoming a standard across sectors:

- Academia mandates authors to disclose AI use in dedicated sections, specifying the tool, its version, and degree of contribution. This ensures fairness in authorship and clarifies rights—especially as AI work is often unprotected by copyright law.
- Corporate Reporting: As of recent studies, 72% of S&P 500 companies incorporate AI statements in annual 10-K filings, a practice spurred by legal risk, consumer trust, and reputational concerns.

Regulatory agencies, including the SEC, actively advise organizations to avoid “AI washing” (exaggerating AI involvement) and ensure accuracy in all AI-related disclosures.

Consumer Awareness

In marketing, clarity around AI’s role is increasingly expected, with a recent U.S. survey indicating that 62% of consumers wish to know when AI is used in advertising or communications.

Global Ethical Guidelines

International guidelines advocate for transparency:

- OECD AI Principles (2019) promote trustworthy AI that respects human rights, openness, and accountability.
- UNESCO Recommendations (2021) emphasize ethical management and transparent reporting of AI development and deployment.

As a result, disclosure is no longer a matter of choice; it is a growing obligation, helping companies maintain trust and ethical integrity.

Ethical Use of AI in Voice & Video Generation

Advances in deepfake technologies pose significant risks due to their ability to create highly realistic synthetic media—both voice and video. Criminal actors can exploit such technology to impersonate executives, perpetrate financial fraud, or disseminate false information under the guise of trusted persons. The widespread availability of generative AI tools means nearly anyone, even with modest technical skills, can create convincing deepfake content.

Proper, ethical use of AI-driven media demands explicit consent for the use of an individual's likeness or voice. This respect for personality rights—including image, voice, privacy, and reputation—is essential. High-profile legal cases, such as Scarlett Johansson's claim against OpenAI for voice replication, spotlight the need for transparency and consent in AI-mediated representation.

Unauthorized deepfake usage can:

- Damage dignity and reputation.
- Retell falsehoods.
- Place victims in harmful, humiliating, or defamatory situations.

Intellectual property and privacy concerns are heightened, as unauthorized replication of voices, images, or performances can diminish trust and revenue and expose organizations and individuals to legal jeopardy.

Regulatory solutions are advancing. For example, the EU AI Act (effective August 2026) will require deepfakes to be clearly labeled as artificially generated.

A robust, multimodal approach to prevention is required, combining:

1. Technical controls (e.g., watermarks, tamper-evident signatures)
2. Procedural safeguards (e.g., multi-factor authentication, out-of-band verification)
3. Restricted access to AI voice generators

4. Prior-agreed security phrases for sensitive communications

Employee training is essential to recognize, report, and respond to potential deepfake attacks, fostering an organizational culture of vigilance.

Reporting AI Misuse

AI misuse includes submitting AI-generated work without disclosure, unauthorized structuring of submissions (e.g., assistance in essays or research papers), as well as malicious activities such as creating fake media for defamation or using AI for criminal exploits like password cracking. The prevalence of unethical AI usage is rising, as evidenced by research such as the Stanford University Artificial Intelligence Index Report 2023.

A robust organizational response involves:

- **AI Governance Frameworks:** Formal systems that mandate incident reporting, including prompt alerts of breaches or misuse, and define escalation protocols.

- **Legal and Compliance Team Involvement:** Ensures alignment with ethical and regulatory standards in managing incidents.

Externally, platforms and regulators support reporting abuse. For example, YouTube's privacy complaint form allows individuals to report AI-generated misuse of voice or likeness. Additional channels include government agencies, industry watchdogs, and policy bodies.

Anonymous reporting mechanisms are crucial, offering reassurance to whistleblowers and allaying fears of retaliation, thus encouraging transparent reporting of ethical breaches.

Ethical reporting is supported by: Comprehensive AI documentation and governance policies: Ensuring all processes are clear, accessible, and aligned with organizational values and compliance obligations.

Regulatory and Internal Governance Frameworks for AI

The widespread integration of AI technology demands robust regulatory frameworks and internal governance mechanisms to guarantee ethical, transparent, and responsible use. Effective regulation helps mitigate risks like bias, privacy breach, and abuse, while promoting innovation and societal trust.

International Regulatory Landscape

Global approaches to AI regulation vary widely:

1. **European Union (EU)** leads with the landmark AI Act, adopted in March 2024 and set to take effect by June 2026. The act introduces a risk-based system for AI classification and enforcement, banning some uses outright, and imposing rigorous documentation, compliance, and transparency standards. The act is complemented by the proposed AI Liability Directive, which clarifies civil liability for AI-related damages. Oversight comes from the European Data Protection Board, national regulatory bodies, and specialized agencies.
2. **United States (US)** employs a sectoral, case-by-case approach, using existing federal laws while developing AI-specific legislation. Recent executive orders require safety disclosures from developers of advanced AI systems. Multiple federal agencies, including the FTC and DOJ, supervise compliance, with emerging trends focusing on transparency and data sharing.
3. **United Kingdom (UK)** opts for sector-specific oversight, guided by the Office of AI, with new laws expected in 2025 to address risks and foster voluntary agreements between government and developers.
4. **China** enforces comprehensive policies, such as the Algorithmic Recommendations Management Provisions and Ethical Norms of New Generation AI. Regulators have broad, overlapping mandates to ensure societal values and legal compliance.

5. **Canada** is progressing with the AI and Data Act (AIDA), aligning AI governance with international best practices and emphasizing safety and human rights. Oversight is provided by the Office of the Privacy Commissioner and the Ministry of Innovation, Science and Economic Development.
6. **Other Jurisdictions:** Brazil is developing AI regulation that bans some high-risk systems and introduces civil liability for developers. Japan relies on guidelines, with input from the private sector. India plans to incorporate AI regulation into the Digital India Act, targeting high-risk applications, while Australia manages AI through existing regulatory frameworks.

Internal Governance Practices for AI

Organizations must cultivate robust internal governance to manage AI use ethically and safely, balancing operational advantage with limitations of risk.

Importance of AI Governance

Effective AI governance is vital for:

- 1. Enacting ethical principles in practice:** Establishes safeguards against discrimination, misinformation, and disruption.
- 2. Bias Prevention:** Training data bias is mitigated by governance, especially in sensitive sectors like recruitment, credit, policing, and healthcare.
- 3. Accountability:** Governance establishes human responsibility for AI-driven actions, aligns processes with regulatory expectations, and instills trust.
- 4. Privacy & Security:** Data protection is central, particularly for highly regulated domains (finance, healthcare) that rely on sensitive information.

5. ESG Impact Readiness: Addresses AI's environmental, social, and governance effects—including energy and resource consumption and labor disruptions.

6. Transparency & Trust: Governance demystifies AI's "black box" processes, helping users understand and trust AI outputs.

7. Balancing Innovation & Risk: Ensures new capabilities are pursued within ethical and risk-limited boundaries.

Key Principles of Ethical AI Use

- **Fairness:** AI must avoid bias and discrimination. Achieved by curating diverse training data and auditing algorithms.
- **Transparency:** Decision-making processes must be understandable and explainable, especially in critical areas like finance, medicine, and justice. Laws such as the EU AI Act require such transparency, particularly for high-risk applications.
- **Accountability:** Clear designation of responsibility for AI outcomes nurtures trust and enables rectification of ethical lapses.
- **Privacy:** Stringent data protection measures (like GDPR) ensure user consent and secure handling of personal data.
- **Security:** Development must prioritize eliminating vulnerabilities that could be exploited by cyber threats.

Implementing an AI Governance Framework

Structured, cross-functional engagement is required for robust governance:

- **Framework Development:** Organizations should define core governance principles that integrate with existing systems—legal, IT, and risk management. Reference frameworks include NIST AI Risk Management, OECD Principles, and EU Ethics Guidelines.

- **Role Definition:** Leadership roles—CEO, CTO, CIO, Chief Risk Officer—support responsible AI culture and effective oversight.
- **Policy Implementation:** Specific, enforceable policies detail permissible development and deployment practices, including controls over sensitive data use.
- **Ethics and Compliance Committees:** Multidisciplinary panels enhance organizational insight and mitigate ethical, technical, and legal risks.
- **Ongoing Monitoring & Audit:** Regular risk assessments and continuous monitoring (with dashboards and specialized tools) identify emerging threats and model drift.
- **Culture Building:** Training and clear reporting channels empower employees to champion responsible AI and report concerns proactively.

Best Practices in AI Governance

- **Define Success and Metrics:** Establish clear, quantifiable goals and metrics to assess governance effectiveness.
- **Lifecycle Governance:** Tailor management and oversight to every stage—development, testing, validation, deployment, monitoring, and auditing.
- **Assign Clear Roles:** Designate accountable individuals for every aspect of AI operation.
- **Incident Response Planning:** Rapid response capability for failures, ethical breaches, or security incidents naturally supports organizational learning.
- **Collaboration:** Engage external regulators, industry parties, and internal teams for well-informed, comprehensive governance strategies.
- **Promote AI Literacy:** Comprehensive training and transparency reports cultivate ethical competency across developers and end-users.

Conclusion

Responsible AI is not an optional pursuit; it is a moral and operational imperative as organizations embed sophisticated technologies ever deeper into daily life and work. Early adoption of ethical principles—fairness, transparency, and accountability—forms the foundation for sustainable innovation and resilient organizations.

A trustworthy AI environment is built upon three pillars:

- **Preemptive Compliance:** Staying ahead of legal and regulatory change.
- **Transparency:** Clearly explaining how AI systems operate.
- **Ongoing Training:** Equipping all stakeholders with knowledge of AI's capabilities and constraints.

When AI governance is embedded within core business operations—integrated into compliance management, legal structures, and strategic risk frameworks—ethical AI practice becomes a permanent feature of organizational life. This reflexive approach ensures innovation is pursued not only for its power but also for its principled, responsible contribution to society.